

AMENDED IN SENATE APRIL 1, 2004

SENATE BILL

No. 1276

Introduced by Senator Bowen

February 13, 2004

An act to amend Section ~~874~~ 739.3 of the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

SB 1276, as amended, Bowen. Telecommunications: ~~lifeline~~ telephone service rates.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations, and authorizes the commission to fix just and reasonable rates and charges. Existing law, until January 1, 2005, requires the commission to develop, implement, and maintain a program to establish a fair and equitable local rate structure designed to reduce any disparity in rates charged by small independent telephone corporations serving rural and small metropolitan areas, and a competitively neutral, and broadband program to provide for transfer payments to telephone corporations serving areas where the cost of providing services exceeds rates charged by providers, as determined by the commission. Pursuant to this requirement, the commission has imposed a surcharge to intrastate telephone service to fund the transfer payments.

This bill would extend this program until January 1, 2009. By extending the program, the bill would result in a change in state taxes for the purpose of increasing state revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.

~~The Moore Universal Telephone Service Act established the Universal Lifeline Telephone Service (ULTS) program in order to provide low-income households with access to affordable basic residential telephone service. ULTS rates are required to be set at no more than 50% of either the basic rate for measured service or the basic flat rate service, as applicable, exclusive of federally mandated end-user access charges, that are available to the residential subscriber.~~

~~This bill would specify that ULTS rates are required to be set at no more than 50% of the basic rate for measured service or the basic flat rate service, as applicable, exclusive of federally mandated end-user access charges, that are available to the residential subscriber from the telephone corporation offering the service.~~

Vote: ~~majority~~ ^{2/3}. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 874 ~~739.3~~ of the Public Utilities Code
2 is amended to read:

3 ~~874. The lifeline telephone service rates and charges shall be~~

4 739.3. (a) The commission shall develop, implement, and
5 maintain a suitable program to establish a fair and equitable local
6 rate structure aided by transfer payments to small independent
7 telephone corporations serving rural and small metropolitan areas.
8 The purpose of the program shall be to promote the goals of
9 universal telephone service and to reduce any disparity in the rates
10 charged by those companies.

11 (b) For purposes of this section, small independent telephone
12 corporations means those independent telephone corporations
13 serving rural areas, as determined by the commission.

14 (c) The commission shall develop, implement, and maintain a
15 suitable, competitively neutral, and broadbased program to
16 establish a fair and equitable local rate support structure aided by
17 transfer payments to telephone corporations serving areas where
18 the cost of providing services exceeds rates charged by providers,
19 as determined by the commission. The commission shall develop
20 and implement the program on or before October 1, 1996. The
21 purpose of the program shall be to promote the goals of universal
22 telephone service and to reduce any disparity in the rates charged
23 by those companies. The commission shall structure the program

1 required by this subdivision so that the amount of each transfer
2 payment reasonably equals the value of the benefits of universal
3 service to the transferor entity and its subscribers. Except as
4 otherwise explicitly provided, this subdivision does not limit the
5 manner in which the commission collects and disburses funds, and
6 does not limit the manner in which it may include or exclude the
7 revenue of transferring entities in structuring the program.

8 (d) The commission shall investigate subsidy reduction, or
9 elimination of subsidies in service areas with demonstrated
10 competition.

11 (e) Not later than February 1, 2001, the Legislative Analyst
12 shall conduct a review of the state's universal telephone service
13 program, including subsequent modifications as appropriate, and
14 report to the Governor and the Legislature as part of the Legislative
15 Analyst's analysis of the Budget Bill to be issued in February 2001.
16 In evaluating the program, the Legislative Analyst shall consider
17 all of the following:

18 (1) The findings of the report required by subdivision (e).

19 (2) An assessment of whether any identified problems are
20 issues that affect the continued implementation of this chapter or
21 issues that warrant revisions of statutes or regulations.

22 (f) This section shall remain in effect until January 1, 2005
23 2009, and as of that date is repealed, unless a later enacted statute,
24 ~~which~~ *that* becomes effective on or before January 1, 2005 2009,
25 deletes or extends that date.

26 ~~as follows:~~

27 ~~(a) In a residential subscriber's service area where measured~~
28 ~~service is not available, the lifeline telephone service rates shall not~~
29 ~~be more than 50 percent of the rates for basic flat rate service,~~
30 ~~exclusive of federally mandated end user access charges, available~~
31 ~~to the residential subscriber from the telephone corporation~~
32 ~~offering the service.~~

33 ~~(b) In a residential subscriber's service area where measured~~
34 ~~service is available, the subscriber may elect either of the~~
35 ~~following:~~

36 ~~(1) A lifeline telephone service measured rate of not more than~~
37 ~~50 percent of the basic rate for measured service, exclusive of~~
38 ~~federally mandated end user access charges, available to the~~
39 ~~residential subscriber from the telephone corporation offering the~~
40 ~~service.~~

1 ~~(2) A lifeline flat rate of not more than 50 percent of the rates~~
2 ~~for basic flat rate service, exclusive of federally mandated end user~~
3 ~~access charges, available to the residential subscriber from the~~
4 ~~telephone corporation offering the service.~~

5 ~~(c) The lifeline telephone service installation or connection~~
6 ~~charge, or both, shall not be more than 50 percent of the charge for~~
7 ~~basic residential service installation or connection, or both. The~~
8 ~~commission may limit the number of installation and connection~~
9 ~~charges, or both, that may be incurred at the reduced rate in any~~
10 ~~given period.~~

11 ~~(d) There shall be no charge to the residential customer who has~~
12 ~~filed a valid eligibility statement for changing out of lifeline~~
13 ~~service.~~

14 ~~(e) The commission shall assess whether there is a problem~~
15 ~~with customers who fraudulently obtain lifeline telephone service.~~
16 ~~If the commission determines that there is a problem, it shall~~
17 ~~recommend and promulgate appropriate solutions. This~~
18 ~~assessment and the solutions determined by the commission shall~~
19 ~~not, in and of themselves, change the procedures developed~~
20 ~~pursuant to Section 876.~~

